

THE DIRECTOR OF  
CENTRAL INTELLIGENCE

National Intelligence Council

30 June 1982

NOTE FOR THE DIRECTOR

SUBJECT: Your Breakfast Meeting Tomorrow  
with Under Secretary Olmer

As you know, we are working on an NIE entitled "Changing US-Japan Economic Relations." Aware of his interest, I reviewed the TOR with Olmer last month. Some of his comments are reflected in the structure of the NIE. Copies of the Table of Contents and the Scope Note are attached.



David D. Gries

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# SCOPE NOTE

US-Japanese economic relations have approached the boiling point three times since 1970. In each instance, the Japanese current account surplus moved rapidly toward a new record and the United States substantially but temporarily increased pressure on Japan to alter its trade practices. For the most part, these periodic efforts have been followed by slow and imperceptible changes on the part of the Japanese. At root, Tokyo is loath to abandon or alter a system that has succeeded in improving the lot of the Japanese and in sustaining the political dominance of the Liberal Democratic Party.

We are now in the midst of the third episode. To put the current heightened tensions into perspective, this National Intelligence Estimate:

- Assesses the changing nature of bilateral frictions.
- Looks at likely cyclical changes over the next two years or so.
- Explores forces at work that could influence the economic relationship in the next five years or so.
- Discusses the implications of all these factors on US-Japanese economic negotiations.

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